

# Canopy's Founder & CEO Extols the Virtues of Account Aggregation & the Data Revolution

**Tanmai Sharma is passionate about the company he founded and for which he acts as CEO. Canopy is a Singapore-based fintech whose core product is solutions for aggregating data and then providing investment analytics for private bank's client accounts. Sharma met with Hubbis in February to explain how he remains wholeheartedly convinced that deep data aggregation and analytics are the way forward for private banks and wealth management firms, and also how optimistic he is about Canopy's growth path and future plans.**

## Executive summary

The global trend towards financial and regulatory transparency is all-encompassing. Digitising the private banking experience is central to working within this evolution and in the future, even private banking relationships that were previously behind closed doors will be digitised and accessible, even to regulators, on demand. Information will no longer be compartmentalised, which will radically change the way private banks manage their relationships with clients and regulators, and of course vice versa.

If data is the new oil, then data aggregation and reconciliation solutions/services provider Canopy Pte Ltd (Canopy) is one of the new digital engineers drilling out and processing this data. Canopy founder Tanmai Sharma met with Hubbis in February to explain the role his company plays in the financial sector data revolution and how the momentum has already propelled the firm to a team of almost 45 across Singapore, Hong Kong and Zurich, with a London office next in their sights.

More than five years ago when he left Deutsche Bank and soon founded Canopy, Sharma had anticipated the global trend from hidden information to transparency, and the need for accessibility as the financial world transits from an analogue world to a digital world.

He saw that Canopy could devise smart fintech solutions that would allow information to become more accessible, and that in turn would allow private banks and other wealth management providers to offer more holistic advice, with relationship managers (RMs) then evolving into more efficient, more research-driven, analytics-enabled bankers able to come up with the right advice and the right recommendations for their clients.

The vision Sharma had is now coming to fruition in many of the ways Sharma expected - with data aggregation and data reconciliation at the forefront of the firm's thrust - as well as in some new and exciting tributaries that are emerging along the way, for example in the realm of empowering tax experts to provide more holistic planning and advice.

The result is a CEO who today remains utterly passionate and committed to the products and services his firm offers and who is armed with a dedicated team spanning three, and soon to be four, global financial centres.

Looking ahead, Sharma is now focused on three key areas, namely going deeper with existing clients, product development and added services. It would seem that the market needs are providing the wind in Canopy's sails and that he and his team have a clear grasp of how they will achieve all their foreseeable goals.



**S**HARMA FOUNDED CANOPY in Singapore five years ago and reports that the company is currently processing data from around 65 custodians and reporting on upwards of USD20 billion in assets. He explains Canopy has two main products, the first of which offers a unique solution to aggregate financial data across all banks and all asset classes into a single portfolio and does so from users' financial statements. It does this anonymously, in other words, the names of the clients are not attached to the data. The analytics reports are in the form of an interactive web application accessible from any browser-enabled computer, tablet or smartphone. The second solution aggregates data from a bank's various internal systems, locates and fixes inconsistencies with the data and creates a single golden source. A full suite of analytics and reporting is then run on this data.

Canopy's first major client was Credit Suisse, which buoyed by the success of the fintech's data aggregation implementation in late 2017 took a 10% minority stake in the company.

The solution for Credit Suisse is essentially the prototype of the solution the firm is rolling out for other banks, allowing the client a complete perspective on all of their holdings across different banks. It also provides the private bank a more wide-angle perspective on their clients' investments and activities. Notable, the solution can include mainstream assets as well as other assets such as real estate, or jewellery, gold, collectables or whatever the client might own.

### Improving views, enhancing efficiency

Canopy can thereby provide a holistic picture of customer's

### Key Priorities

Sharma closed the discussion by focusing on his three core priorities for the year ahead, which he says are going deeper with existing customers, product development and further expansion.

"My top priority is to go deeper with existing customers. Our understanding of customer behavior and value drivers increases every day and we are continuously evolving our product and working with all our customers to help increase their topline and market share."

The second priority is to further develop the product suite. "We have recently had a technology breakthrough," he reports, "so the cost of processing has been going down and will trend down throughout this year."

Sharma explains that Canopy's technology breakthrough means that the firm can now process PDF statements automatically. "This solution is from PDF all the way to clean up, coordination, and then all the way to analytics, with only exceptions needing to be handled manually. It is a real break-through."

"This is important because all the regulatory pressure on Open Banking and APIs is limited to payments e.g. PSD2, and similar regulations in other markets, force banks to provide account balances and fund transfers via APIs. However, there is no regulatory pressure on banks to move towards providing complete transaction information and holdings via APIs anywhere in the world. Currently about 80% of bank data in Asia and Europe is PDF only and we believe that this situation will not change in the foreseeable future. Our PDF processing automation could not have come at a better time and we are very kicked about it."

The early 18th-century playwright, essayist and moralist Samuel Johnson once wrote that "when a man is tired of London, he is tired of life". Well, it would seem that both Sharma and Canopy are both still energised for their next phase of expansion to London's Square Mile and the glitzy West End where many of the private banks are also located. "We are now 'live' in Switzerland and that is looking really good," Sharma reports, "so the next logical step is to open in London. That is our third and very exciting priority for the foreseeable future."

assets for private banking relationship managers (RMs) to help build their trusted relationships with clients, hence adding value for both the customer and the RM. This is achieved using data analysis and visualisation in areas such as peer comparison, profit analysis, volatility, value and Sharpe ratios.

“On the basis of this data,” Sharma elucidates, “we conduct all sorts of analytics, both for the customer as well as for the relationship managers (RMs) so that they all understand this in detail. Our experience shows that these tools help wealth managers increase revenue by increasing traction with the customer and improving the efficiency of the RMs.”

### Being relevant

Prior to these developments, the customer has usually probably been sitting alone with a spreadsheet, aggregating their own data or hiring someone to do it for them, which is far from the best solution. That data remains trapped within the individual’s private files and could not be used to improve services, win customers or increase revenue.

Behind all this there is, Sharma explains, an underlying recognition that the end-client will always want to diversify custodians, simply because of counterparty risk, implying that any individual bank will likely have no more than perhaps a 20% share of the assets of any particular customer. “If you want to give that customer relevant advice,” Sharma remarks, “clearly you need to have a sense of what all they have everywhere.” Instead of trying to advise and pitch ideas based on a ‘siloes’ view of the client’s holdings, the RM would suddenly be able to really have the benefit of a far more holistic view.

### Winner takes all

Data aggregation is a winner-takes-all game, Sharma had told the audience at a Hubbis digital wealth management event late last year in a headline-grabbing comment. His belief in this credo is as strong as ever and as Canopy can see that end-clients tend to be typically very interested in the ability to compare their investment performance with that of their peers, he argues that the Canopy solution results in greater client ‘stickiness’ and provides the banks offering their data aggregation services a true winning edge.

Sharma explains that, of course, not all clients approve the sharing of their specific data but most at least agree to sharing

clean-up for the banks. “Each bank books transactions in multiple systems and data recon and clean-up has always been a struggle for them, so has reporting, both to the clients and to regulators. We employ the same technology as in our data aggregation solutions, but with a different objective and our solution for all these recon and clean-up issues is extremely efficient, highlight cost-effective and very fast.”

Looking ahead, Sharma reports that Canopy is developing other add-on services. For example, the firm is working with a well-known tax consultancy which receives data from Canopy and then offering tax advice to customers.

The result of all these

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metadata, the latter giving complete anonymity, but allowing the banks to observe the major trends, for example whether clients as a whole are making money in equities, or not, who has been building market share, who made or lost money, who is actually following the official asset allocation recommendations, and so forth. “Whatever data the client has agreed to share,” he remarks, “even if it is metadata, has a lot of value and is far better than any survey, it is real data. The banks are no longer flying blind.”

### Data ‘recon’ and clean-up

Canopy’s second core activity is the internal data reconciliation and

development paths and tributaries is that after five years of rapid growth Canopy now employs 43 people and has recently opened an office in Zurich, the latest big step for the company as it branches out from its HQ in Singapore and its operation in Hong Kong.

### Going with the flows

“You cannot compete effectively in the world of private banking and not be in Switzerland,” he remarks. “Many private banks are headquartered out of Switzerland and an estimated 150 such banks do not have an operation in Asia. Our technology is equally applicable in Europe and in Asia, so it is a natural next step for us.”



TANMAI SHARMA  
Canopy

Sharma also touches on Canopy’s business model for revenue generation. “We have several payment models,” he reports. “One option, for example, is our customers pay us related to the number of end-clients on the [aggregation] platform and one model is a flat fee. Whichever option the customer chooses, we are highly cost-effective in relation to their overall IT spend, we offer what is a relatively low-cost solution.”

Sharma explains that it is important to understand that Canopy is a services company as much as a software company, so is closely involved in implementation. “We do not just sell and walk away, we make sure the data is correct, that it all works, and we work continuously to increase traction. This is what our clients really appreciate.” ■

### Getting Personal

Born in Agra, India not far from the Taj Mahal, Sharma was educated in Delhi, obtained his undergraduate degree in Mechanical Engineering and later attended the Indian Institute of Management Ahmadabad in Gujarat to study for his MBA in Finance and Systems.

His career saw him spend 20 years rising the ranks in banks, mostly at Deutsche Bank and in many locations including India, Singapore, Hong Kong, New York, and then back to Singapore. "I ran businesses such as Latin American structuring for them in New York and I was trading credit hybrids here in Singapore, while my career also straddled credits derivatives, interest rates and FX," he recalls.

"At the age of 45," he adds, "I had tired of banking and took an open offer to anyone at any age provided their age plus their number of years with the bank added up to 60 years or more. As an MD of Deutsche for the previous five years I left on good terms, then began trading my own account but soon realised that the world of data for these banks needed addressing and professionalising."

Sharma is happily settled in Singapore with a son of 18 and a daughter of 10 years old. For relaxation, he programmes. "this may sound boring," he reports, "but I love programming and my hobby right now is to further develop the Canopy back-end solutions. I have been a hobby programmer since high school, I like it, even though I have never been formally paid to programme."

Unusually, Sharma explains that his lucky mascot is a pair of Dr. Martens shoes that he bought 22 years ago and that remain in sound condition. "These are my lucky shoes," he quips, "I don't wear them all the time of course, but they have certainly been lucky for me." In the 22 years since he bought the shoes, the British Dr Martens shoes have gone out of fashion but today are firmly back in fashion. Sharma might find these shoes ideal for Canopy’s next excursion as the company builds out its next office in London.

